

Businesses push back against 64 percent - - or more -- energy tax hike

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Montgomery County Executive Ike Leggett may be looking to increase energy taxes even more than the 64 percent raise he already proposed.

Leggett is set to present a revised budget Thursday to cover a recent write-down of more than \$160 million in income tax revenues that bring the county's budget gap to nearly \$1 billion.

Business leaders said they are concerned that Leggett will rely on raising energy taxes to help bridge that gap, and County Council staff said they "would not be surprised" to see another proposed increase.

Leggett's spokesman, Patrick Lacefield, said the revised budget is "still a work in progress."

Power up

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Examples of annual energy tax rates
increases:

Size of building	Current tax	Proposed tax	Difference
3,000 sq. ft. house	\$89.68	\$146.80	\$57.12
13,700 sq. ft. office building	\$3,537.86	\$4,577.99	\$1,040.13
142,000 sq. ft. office building	\$47,075.00	\$77,061.78	\$29,986.78

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Revenues collected from the energy tax have jumped from \$26.1 million in fiscal 2003 to \$132 million in fiscal 2010. Leggett's current proposed increase would raise revenues to \$217 million a year, or a 731 percent increase since fiscal 2003.

Leggett first proposed a 40 percent energy tax increase last month. Two weeks later, he bumped that up to 63.7 percent because bond-rating agencies complained that the county's reserves were too low. He said he favored an energy tax increase over a property tax increase since it would affect households less and federal agencies housed in Montgomery would pay for much of the increased revenues.

But business advocates say the energy tax increases would stunt job growth, cause struggling small businesses to fail, and deter companies from moving into the county, according to local business advocates.

"This is a make-it or break-it thing," said Ginanne Italiano, president of the Greater Bethesda-Chevy Chase Chamber of Commerce.

Leggett's proposed energy tax increase would raise the average non-residential energy bills by \$2,200 a year, according to county data. Average residential electric and natural gas bills, which have tax rates about a two-and-a-half times lower than non-residential customers, would rise by \$60 a year.

For more energy-hungry businesses, such as restaurants or biotech companies, the bill could be much larger. Lisa Fadden, vice president of the Montgomery County Chamber of Commerce, said the increase for some biotech companies could amount to more than \$500,000 a year.

"It's huge ... those are the people we are trying to attract here," Fadden said, referencing the county's recent efforts at bolstering public investment in local biotech companies.

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